

August 29, 2006

Ms. Beth Campbell, Budget Analyst
Office of the State Budget
South Carolina Budget & Control Board
1201 Main Street, Suite 870
Columbia, South Carolina 29201

Dear Ms. Campbell:

No additional operating funds, capital funds or FTEs are being requested by the South Carolina Workers' Compensation Commission for FY 2007-2008. The Commission is seeking no change in the four provisos currently in Part 1B of the Appropriations Act. Our *Addendum for Cost Savings Assessment and Priority Assessment of Activities* is enclosed.

Should the staff of the Budget Office have any questions, please feel free to contact me or Janice Sanders Sutton, the Commission's Finance Director.

Sincerely,

Gary R. Thibault
Executive Director

GRT:t
(Enclosure)

c: David W. Huffstetler, Chairman

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

I. 2% COST SAVINGS ASSESSMENT

- A. Agency Section/Code/Name: Section 43/R08/Workers' Compensation Commission
- B. Agency Activity Number and Name: 1323 Administration
- C. Explanation of Cost Savings Initiative: Rather than maintain its own computer network, the Workers' Compensation Commission has contracted with the State Budget & Control Board's Division of the State Chief Information Officer to provide network and project management services. Total savings is expected to be \$65,039 or greater.
- D. Estimate of Savings:

FY 2007-08 Cost Savings Estimates:	General	Federal	Other	Total
Personnel:				
(a) Number of FTEs				0
(b) Personal Service				\$ 0
(c) Employer Contributions				\$ 0
Program/Case Services				\$ 0
Pass-Through Funds				\$ 0
Other Operating Expenses	\$ 65,039			\$ 65,039
Total	\$ 65,039	\$ 0	\$ 0	\$ 65,039

- E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*): The Commission's information management capabilities are expected to improve with a more reliable network system.

F.

Summary of Cost Savings Initiatives for FY 2007-08:	FUNDING				FTEs			
	General	Federal	Other	Total	State	Fed.	Other	Total
Initiative Title: Information Technology	\$65,039	0	0	\$ 65,039	0	0	0	0.00
Activity Number & Name: 1323 Administration								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
Initiative Title:	0	0	0	\$ 0	0	0	0	0.00
Activity Number & Name:								
TOTAL OF ALL INITIATIVES	\$ 65,039	\$ 0	\$ 0	\$ 65,039	0.00	0.00	0.00	0.00

FY 2007-08 COST SAVINGS & ACTIVITY PRIORITY ADDENDUM

II. PRIORITY ASSESSMENT OF AGENCY ACTIVITIES

A. Agency Section/Code/Name: Section 43/R08/Workers' Compensation Commission

B. Agency Activity Number and Name: 1323 Administration

C. Explanation of Lowest Priority Status: The Workers' Compensation Commission has two activities: Administration and Adjudication. The Commission is a highly specialized, single purpose organization with a very specific mission: to provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate and reliable manner possible. With only two activities, Administration has to be ranked after Adjudication, even though the agency could not operate without the various functions that comprise this activity.

D. Estimate of Savings:

Estimate of Savings:	General	Federal	Supplemental	Capital Reserve	Other	Total
Personnel:						
(a) Number of FTEs	11.0	0	0	0	5.0	16.0
(b) Personal Service	\$ 494,816		0	0	\$ 160,188	\$ 655,004
(c) Employer Contributions	137,478		0	0	44,853	182,331
Program/Case Services	0	0	0	0	0	0
Pass-Through Funds	0	0	0	0	0	0
Other Operating Expenses	302,464	0	0	0	456,564	759,028
Total	\$ 934,758	\$ 0	\$ 0	\$ 0	\$ 661,605	\$1,596,363

E. Activity Impact (*Describe the impact on the activity affected including the impact on customers and clients.*): The Commission could not operate without an administrative component. If this activity were deleted, the Commission's top

priority, the adjudication of disputes and claims, either could not be performed or would have to be reduced to provide funding for administrative support.

F.

Summary of Priority Assessment of Activities	General	Federal	Supplemental	Capital Reserve	Other	Total	FTEs
Activity 1323 Administration	\$ 934,758	0	0	0	\$ 661,605	1,596,363	16
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
Activity Number & Name:	0	0	0	0	0	\$ 0	0
TOTAL OF LOWEST PRIORITIES	\$ 934,758	\$ 0	\$ 0	\$ 0	\$ 661,605	1,596,363	16